

## Message Text

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PAGE 01 STATE 032291  
ORIGIN IO-03

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FM SECSTATE WASHDC

TO USMISSION USUN NEW YORK PRIORITY

C O N F I D E N T I A L STATE 032291

LIMDIS

FOLLOWING REPEAT CAPE TOWN 158 SENT SECSTATE FEB 03.

QUOTE: C O N F I D E N T I A L CAPE TOWN 0158

LIMDIS

E.O. 11652: GDS

TAGS: EIND, EINV, PFOR, SF

SUBJ: U.S. FIRMS PREPARING STATEMENT ON SOUTH AFRICA

REF: STATE 021818

1. WE DO NOT THINK THAT STATEMENT AS SUMMARIZED IS  
LIKELY TO CAUSE MUCH DIFFICULTY FOR SAG. IT CONTAINS FEW  
SOLID COMMITMENTS AND DOES NOT SET US FIRMS FAR OUT IN  
FRONT OF OTHER EMPLOYERS IN EMPLOYMENT PRACTICES.  
SAG MIGHT EVEN VIEW IT WITH RELIEF IF THEY JUDGE THAT IT  
CONSTITUTES PRIMARY ACTION BY NEW ADMINISTRATION VIS-A-VIS  
US PRIVATE INVESTMENT IN SA.

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PAGE 02 STATE 032291

WM STATEMENT AS DRAFTED MAY WELL HAVE EFFECT ON US  
SHAREHOLDERS WHICH COMPANY MANAGEMENT SEEKS, BUT WE DOUBT  
THAT BLACK ELEMENTS OF POPULATION HERE AND WHITES WHO  
SUPPORT BLACK LABOR RIGHTS WOULD FIND MUCH TO CHEER ABOUT  
IF STATEMENT AS DESCRIBED HAS NO MORE SPECIFICS AND DOES  
NOT CARVE OUT MUCH NEW GROUND. SOME MIGHT BE IMPOLITE  
ENOUGH TO COMPARE IT WITH OUR 1973 GUIDELINES AND

CODE OF PRACTICES ISSUED IN BRITISH WHITE PAPER AND CONCLUDE "SO WHAT IS NEW?" MORE CYNICAL WILL REGARD STATEMENT AS INTENDED TO MUTE CRITICISM OF US AFFILIATES' PASSIVE ATTITUDE TOWARD SA LABOR SYSTEM.

3. WE RECOGNIZE THAT IF STATEMENT WERE CONSIDERABLY STRENGTHENED TO OVERCOME FOREGOING SHORTCOMINGS AND WE WERE TO ENDORSE IT PUBLICLY AND SERVE AS TRANSMITTING AGENT FOR US COMPANIES, THERE IS STRONG RISK OF ADVERSE SAG REACTION. SENSITIVITY TO TOUGHER ATTITUDES BY NEW ADMINISTRATION ALREADY EVIDENT IN PRIVATE COMMENTS OF SOME SAG OFFICIALS.

4. UNDER THESE CIRCUMSTANCES, WE RECOMMEND THAT COMPANIES (A) STRENGTHEN THEIR STATEMENT SO THAT IT WILL HAVE GREATER IMPACT IN US AND HERE, AND (B) HANDLE THE TRANSMISSION TO SAG THROUGH THEIR OWN CHANNELS (WITH EMBASSY FACILITATIVE ASSISTANCE AS NECESSARY BUT NOT RPT NOT PARTICIPATION).

5. WITH RESPECT TO CONTENT OF STATEMENT, WE WOULD SUGGEST THE FOLLOWING:

A. EQUAL EMPLOYMENT OPPORTUNITIES. THIS IS A PHRASE WHICH THREATENS TO BECOME MEANINGLESS AS CURRENTLY USED. ALL COMPANIES WHO SUBSCRIBED TO CAPE TOWN CHAMBER OF COMMERCE "MANIFESTO" (76 CAPE TOWN 1284) PLEDGED THEMSELVES TO HIRE, EMPLOY, TRAIN AND PROMOTE WITHOUT REGARD TO RACE. HOWEVER, AS MANY BLACKS WILL BE QUICK CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 032291

TO POINT OUT, PROMISE OF EQUAL EMPLOYMENT AND EQUAL PAY MEAN LITTLE IF THE MEANS OF ACQUIRING QUALIFICATIONS (I.E., EDUCATIONAL OPPORTUNITIES) ARE GROSSLY DISPROPORTIONATE. THUS STATEMENTS REGARDING EQUAL OPPORTUNITIES SHOULD EXPRESS SOME AWARENESS OF PRESENT DISPARITIES IN EDUCATIONAL FACILITIES AND NEED TO MOVE TOWARD REDUCING WIDE GAP IN PER CAPITA EXPENDITURE FOR SUCH FACILITIES.

B. SEGREGATED FACILITIES. TO SAY THAT TO EXTENT LAW PROHIBITS DESEGREGATION THEY WILL "SEEK RELIEF THROUGH APPROPRIATE CHANNELS" IS TO INVITE CRITICISM ON TWO GROUNDS: (1) THAT IT IMPLIES THAT COMPANIES WILL DO ONLY WHAT SAG SPECIFICALLY PERMITS, AND (2) THAT IT IS SAME THING THAT HAS BEEN SAID FOR YEARS TO LITTLE OR NO EFFECT. COMPANIES SHOULD CONSIDER STATING THEIR INTENTION TO PROGRESSIVELY ELIMINATE SEGREGATED FACILITIES WITH IMPLIED WILLINGNESS TO RISK CONFRONTATION WITH SAG IN ORDER TO PRESS FOR MINIMUM STANDARDS OF SOCIAL JUSTICE

GENERALLY ACCEPTABLE BY US STANDARDS.

C. TRADE UNIONS. WE BELIEVE THAT OMISSION OF ANY REFERENCE TO TRADE UNIONS IS A MISTAKE SINCE THIS IS ONE OF THE MOST DISCRIMINATORY ASPECTS OF SAG LABOR LEGISLATION. IT SHOULD BE REMEMBERED THAT BLACK LABOR UNIONS ARE NOT ILLEGAL. FACT THAT SOME OF THE 15 US COMPANIES ARE NOT UNIONIZED DOES NOT STRIKE US AS PARTICULARLY RELEVANT. WE URGE THAT COMPANIES GIVE SERIOUS CONSIDERATION TO A POLICY OF INFORMING THEIR EMPLOYEES OF THEIR WILLINGNESS TO ACCEPT AND DEAL WITH BLACK TRADE UNIONS WHICH REPRESENT A SIGNIFICANT PROPORTION OF THEIR AFRICAN WORKERS.

D. WAGES. PERHAPS MOST NOTICABLE OMISSION IS SPECIFIC COMMITMENT TO PAY EVERY EMPLOYEE A DECENT MINIMUM WAGE. WE BELIEVE COMPANIES SHOULD SERIOUSLY

CONFIDENTIAL

PAGE 04 STATE 032291

CONSIDER A PLEDGE TO EQUAL PAY AND BENEFITS (E.G., PENSION) AND MINIMUM WAGE AT LEAST EQUAL TO MINIMUM EFFECTIVE LEVEL (MEL) OR SIMILAR GENERALLY-ACCEPTED YARDSTICK.

6. ON THE MECHANICS WE BELIEVE THAT IMPACT OF STATEMENT WILL BE ENHANCED IF IT IS HANDLED EXCLUSIVELY AS AN INITIATIVE OF THE PRIVATE SECTOR. SAG WILL REGARD THIS AS NEW DEPARTURE FOR US PRIVATE INVESTMENT IN SA AND PAY GREATER ATTENTION. WE HAZARD GUESS THAT US STOCKHOLDERS WOULD PREFER TO SEE THEIR COMPANIES TAKE LEAD RATHER THAN APPEAR TO BE RESPONDING TO USG URGING. AFFILIATES HERE STAND TO GAIN MORE FAVORABLE PUBLIC REACTION IF THEY ACT OUT OF THEIR OWN PRIVATE CONCERN FOR WELFARE OF THEIR BLACK WORKERS. THIS APPROACH ALSO GIVES US FREER HAND IN TAILORING OUR RESPONSE TO PRESS INQUIRIES AND TO PRIVATE FOLLOWUP COMMENT WITH SAG IF CIRCUMSTANCES MAKE THIS DESIRABLE. ONE SUCH CIRCUMSTANCE MIGHT BE SITUATION IN WHICH COMPANIES AGREE TO STRONGER STATEMENT THAN NOW CONTEMPLATED AND FEEL THE NEED FOR SOME MORAL SUPPORT IN DEALING WITH POSSIBLE SAG REACTION.

7. COMPANIES COULD PRESENT THEIR STATEMENT TO SAG EITHER BY SENDING GROUPS OF REPRESENTATIVES FROM HOME OFFICES OR MANAGERS LOCATED HERE. FORMER WOULD CARRY GREATER IMPACT. BOWDLER  
UNQUOTE VANCE

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## Message Attributes

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